

May 19, 2006

## **REQUEST FOR PROPOSALS**

***U-29203 - Entergy Gulf States, Inc. and Entergy Louisiana, Inc., ex parte.  
In re: Joint Application of Entergy Gulf States, Inc. and Entergy Louisiana, Inc.  
for Interim and Permanent Recovery in Rates  
of Costs Related to Hurricanes Katrina and Rita.***

Pursuant to the provisions of the Louisiana Public Service Commission's ("Commission") General Order dated August 4, 2004, regarding the selection of contract employees to represent the Commission, General Counsel, on behalf of the Commission, is seeking proposals from independent technical consultants to assist the Commission in-house Staff in conducting a review of Phase II of the application for storm cost recovery filed by Entergy Gulf States, Inc. ("EGSI") and Entergy Louisiana, Inc. ("ELI") (sometimes jointly referred to herein as "the Companies") due to costs incurred as a result of Hurricanes Katrina and Rita which made landfall in Louisiana in late summer and early fall of 2005.

Phase II of the docket includes an in-depth analysis and evaluation of the costs incurred by the Companies as a result of the two hurricanes. This analysis includes, but is not limited to, an audit of the costs incurred, an evaluation of the prudence of those costs, an examination of the availability of offsets such as insurance proceeds and governmental aid, and ensuring that all tax benefits are fully recognized. Staff and outside consultants shall also evaluate the need for and appropriate level of any increase in the Companies' storm damage reserve and verify the proper application and accounting for Phase I provisional rate recovery and address appropriate mechanisms, allocation and rate design for Phase II recovery. Finally, an evaluation of any proposals for securitization of the hurricane costs must be conducted to ensure the benefits are fully flowed through to ratepayers. Also, in the event it is found that any refunds are necessary as a result of Phase I of the proceeding, the appropriate method and amount shall be determined and recommended to the Commission.

Applicants should be prepared to participate in conferences with the Companies and its legal counsel and/or consultants, attend meetings with Commissioners and their staff, represent the Commission in conducting a full investigation including reviewing the testimony submitted by the Companies to support this request; conducting discovery; preparing and defending direct and cross-answering testimony; attending and participating in the evidentiary

hearings; assisting with the preparation of post-hearing briefs, and evaluating the Companies' compliance filing.

### **1. Minimum Requirements:**

To be considered, all applicants must meet the following minimum requirements *in addition to those provided in* this Commission's General Order dated August 4, 2004. Consideration will be given to factors such as educational background and achievement, practical experience in the field of public utility regulation, and similar practice before other regulatory agencies or public utility commissions.

Applicant/consultant shall be qualified and prepared to prepare and render expert testimony, and be cross-examined, with respect to all of the issues addressed in this RFP and which are likely to arise in the Phase II Storm Cost Recovery proceeding.

Applicant shall, at a minimum, be experienced in analyzing the operations, books and records of utility companies for the purpose of setting just and reasonable rates, and be qualified and prepared to render expert testimony regarding and have knowledge of:

- (1) appropriate accounting standards and practices for electric utilities;
- (2) standards for prudence and cost recoverability;
- (3) storm damage reserve accounting, utility depreciation and taxation issues;
- (4) the LPSC and FERC approved cost-of-service cost methodologies for electric utilities;
- (5) the basic components and requirements of the ELI and EGSI Formula Rate Plans ("FRP") or similar FRPs
- (6) alternative sources of funds to offset hurricane damage costs such as insurance proceeds, governmental aid and income tax benefits;
- (7) the provisional rate recovery of storm damage costs approved for the Companies in Phase I to verify the proper application and true-up of those rates;
- (8) the cost allocation methodologies for the allocation of investment and expenses among affiliates, including the relationship of the holding company to its subsidiary operating companies, the transfer of investment and costs between operating companies, and the provision of services among affiliates;
- (9) appropriate mechanisms, allocation among customer classes and rate design for Phase II cost recovery; and
- (10) securitization requirements and procedures and the ratemaking treatment of the of the benefits of securitization.

## **2. Estimate of Costs**

All applicants responding to the Request for Proposal shall quote their rates on an hourly basis and shall also submit an estimated total budget, which shall separate professional fees from costs. However, applicants shall only be allowed to charge for actual hours of work performed and costs incurred. Once selected, an applicant's rates and budget shall not be altered except by formal approval of the Commission.

## **3. Conflict of Interest**

Previous or current employment which could result in a conflict of interest shall be prominently and separately disclosed.

## **4. Billing Guidelines**

As required by the August 4, 2004 General Order, all bills will be rendered monthly and shall specifically identify and describe all work performed, the person performing such work, the time and charge for such work, and shall additionally show the total amount billed to date and the authorized original estimate. Bills will be rendered in strict accordance with the Commission's guidelines. Expenses shall also be separately disclosed with proof of such expenses attached.

Expenses, where applicable, shall be reimbursed at state authorized rates as specified in the Travel Policies and Procedures Memorandum issued by the State of Louisiana, Division of Administration in effect at the time such expenses are incurred ("Allowable Expenses"). Any expenses that exceed the Allowable Expenses shall be borne by the contract employee and shall not be reimbursed by either the Commission, or the correspondent utility, unless otherwise specified by the Commission.

## **5. Reservation of Rights**

Submission of any proposals to this Commission does not bind the Commission to engage any applicant. The Commission is also not bound to engage the applicant with the lowest bid.

## **6. Submission of Proposals**

Interested parties should submit proposals to:

Louisiana Public Service Commission  
Office of the General Counsel  
In re: Docket No. U-29203 Phase II  
P.O. Box 91154  
Baton Rouge, Louisiana 70821-9154

To be considered, proposals must be received on or before June 9, 2006. Due to the short response time, Proposals shall be deemed timely if a facsimile is received by the deadline and the original and five copies arrive by mail no later than June 12, 2006. Information

concerning billing procedures and the Commission's RFP policy may be obtained from the address listed above, or by calling (225) 342-1418.